

Message Text

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70

ACTION EUR-25

INFO OCT-01 ARA-16 EA-11 IO-15 ISO-00 AID-20 CEA-02

CIAE-00 COME-00 EB-11 FRB-02 INR-10 NSAE-00 RSC-01

CIEP-02 SPC-03 STR-08 TRSE-00 LAB-06 SIL-01 OMB-01

TAR-02 XMB-07 OIC-04 AGR-20 AF-10 NEA-10 INT-08 H-03

L-03 SS-15 NSC-10 PA-03 PRS-01 USIA-15 DRC-01 /247 W

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P R 051725Z OCT 73

FM USMISSION EC BRUSSELS

TO SECSTATE WASHDC PRIORITY 5840

INFO AMEMBASSY BONN

AMEHBASSY BRASILIA

AMEMBASSY BRUSSELS UNN

AMEMBASSY CANBERRA

AMEMBASSY COPENHALEN

AMEMBASSY DUBLIN

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY OSLO

AMEMBASSY OTTAWA

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY TOKYO

AMEMBASSY WELLINGTON

UFNPS/USMISSION OECD PARIS UNN

USMISSION GENEVA PRIORITY

LIMITED OFFICIAL USE EC BRUSSELS 5729

E.O. 11652 NA

TAGS: ETRD,1 338, EGEN, GATT

SUBJ: TOKYO ROUND: ORGANIZATION OF THE WORK OF

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TRADE NEGOTIATING COMMITTEE (TNC)

1. SUMMARY. AMBASSADOR MALMGREN EXCHANGED WITH EC
COMMISSION AND JAPANESE OFFICIALS INFORMAL IDEAS ON

ORGANIZATION OF THE FIRST STAGES OF THE TRADE NEGOTIATIONS. DISCUSSIONS CENTERED ON NEED TO HAVE A FULL SCHEDULE IN NOVEMBER AND DECEMBER OF USEFUL, VISIBLE WORK IN GROUPS UNDER THE TRADE NEGOTIATING COMMITTEE, WITHOUT RAISING UNNECESSARY CONTROVERSIAL PROBLEMS OR ENGAGING IN STERILE DEBATES OVER PROCEDURES. GROUP AGREED ON NEED TO AVOID ANY PRE-OCTOBER 24 MEETINGS UNDER GATT SECGEN AUSPICES UNTIL THE THREE MAJOR NEGOTIATING PARTNERS WERE IN ACCORD ON THE OUTLINE OF THE TNC WORK. END SUMMARY.

2. AMBASSADOR MALMGREN MET ON OCTOBER 4 FIRST WITH COMMISSIONER GUNDELAC AND SUBSEQUENTLY WITH COMMISSION OFFICIALS HIJZEN, DEPUTY DIRECTOR GENERAL FOR FOREIGN RELATIONS, AND BRAUN, DIRECTOR GENERAL FOR THE INTERNAL MARKET, TO EXCHANGE IMPRESSIONS ON THE WORK OF THE TRADE NEGOTIATING COMMITTEE. LATER IN THE DAY AMBASSADOR MALMGREN HAD A TRILATERAL MEETING WITH PHAN VAN PHI OF THE COMMISSION STAFF AND UKAWA OF THE JAPANESE FOREIGN OFFICE, DIRECTOR RESPONSIBLE FOR COORDINATION OF MULTILATERAL TRADE NEGOTIATIONS.

3. ALL THREE PARTIES EMPHASIZED THAT THEY COULD ONLY SPEAK INFORMALLY. THE COMMISSION HAS NOT YET DISCUSSED THESE POINTS WITH THE MEMBER STATES, AND THE JAPANESE HAVE YET TO ARRIVE AT A GOVERNMENT CONSENSUS. THERE WAS GENERAL AGREEMENT, HOWEVER, THAT IT WOULD BE POLITICALLY NECESSARY TO AVOID A LAPSE AFTER THE FIRST MEETING OF THE TRADE NEGOTIATING COMMITTEE ON OCT. 24 AND THAT THERE IS A CERTAIN AMOUNT OF USEFUL WORK TO BE DONE IN NOVEMBER AND DECEMBER. THE WORK COULD NOT INVOLVE NEGOTIATING MATTERS, SUCH AS TARIFF CUTTING FORMULAS, UNTIL A CLEARER PICTURE EMERGED ON US TRADE LEGISLATION. CONSEQUENTLY, HARD NEGOTIATIONS AND ACrimonious PROCEDURAL DISCUSSIONS WOULD BE OUT OF PLACE IN THESE INITIAL STAGES.

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4. MALMGREN SUGGESTED THAT THE OLD PRENEGOTIATING GROUPS (CTIP, AGR. COMMITTEE) BE ALLOWED TO LAPSE, AND THAT THE TNC CREATE ITS OWN NEW GROUPS, RECOGNIZING THAT LATER THESE GROUPS MIGHT NEED TO BE CHANGED. MALMGREN OUTLINED SEVERAL POSSIBILITIES FOR WORK IN THE NEXT TWO MONTHS:

- (A) A TARIFF GROUP TO PREPARE AN AGREED AUTOMATED STATISTICAL BASE TO BE USED IN THE NEGOTIATIONS;
- (B) AN NTB GROUP, OR SERIES OF NTB GROUPS, TO CARRY ON THE WORK WHICH WAS ORIGINALLY EXPECTED TO BE DONE IN OCTOBER UNDER THE OLD CTIP AND PERHAPS TO INCLUDE OTHER

NTB WORK;

(C) RATHER THAN HAVE AN AGRICULTURE COMMITTEE AS SUCH, SOME SORT OF GROUP OR SUB-GROUPS SHOULD BE SET UP TO DISCUSS THE FACTUAL SITUATION IN COMMODITIES, PARTICULARLY AGRICULTURAL COMMODITIES SUBJECT TO SHORTAGES AND SURPLUSES. THE PARTICULAR CONDITIONS OF TRADE AND FACTORS AFFECTING SUPPLY AND DEMAND FOR THESE COMMODITIES JUSTIFY SPECIFIC ECONOMIC ANALYSIS IN PREPARATION FOR NEGOTIATING PROPOSALS.

(D) THERE WOULD BE NEED FOR SOME EARLY WORK IN TROPICAL PRODUCTS, BUT IT WAS NOT CLEAR WHETHER THIS SHOULD BE DONE IN A SEPARATE GROUP OR AS PART OF THE COMMODITY DISCUSSIONS;

(E) WHETHER OR NOT THERE SHOULD BE A SEPARATE GROUP TO DISCUSS PROCEDURES AND QUESTIONS OF INTEREST FOR LDCS SHOULD DEPEND ON PROPOSALS FROM LDCS THEMSELVES, THOUGH SUCH A GROUP MIGHT SERVE AS A SAFETY VALVE TO AVOID HAVING LDCS MONOPOLIZE THE TIME IN THE OTHER GROUPS;

(F) THE US WOULD BE VERY MUCH INTERESTED IN SOME EARLY WORK ON SAFEGUARDS SO THAT EACH COUNTRY WOULD HAVE SOME IDEA OF WHAT THE OTHER WAS THINKING ABOUT.

4. THE COMMISSION OFFICIALS STATED THAT THESE IDEAS WERE MORE OR LESS IN LINE WITH WHAT THEY HAD BEEN CONSIDERING, THOUGH THEY WARNED THAT DESPITE THEIR OWN INITIAL FAVORABLE PERSONAL REACTIONS, THEY COULD NOT BE SURE THAT THEIR MEMBER STATES WOULD GO ALONG EVEN THOUGH THEY COULD DESCRIBE THE WORK AS ANALYTICAL. FOR EXAMPLE, SOME MEMBER STATES MIGHT OBJECT TO LIMITED OFFICIAL USE
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THE IDEA OF INCLUDING TARIFFS FOR BTN CHAPTERS 1 THROUGH 24 IN THE DATA TARIFF BASE EVEN IF THE US SHOULD ASSURE THEM THAT IT WOULD NOT DEMAND THE INCLUSION OF TARIFF APPROXIMATIONS FOR VARIABLE LEVIES IN THE BASIC COMPUTER TAPES.

5. IT WAS AGREED THAT THE QUESTION OF WHETHER AGRICULTURE WAS INCLUDED UNDER THE TARIFF AND NTB HEADINGS WOULD NOT BE RAISED BY EITHER SIDE. SILENCE WOULD IMPLY WORKING ALONG LINES OF THE PAST ON NTB'S, BUT WOULD ALLOW BROADENING THE SCOPE WHEN NEGOTIATIONS ACTUALLY GOT UNDERWAY IN EARNEST.

6. UKAWA'S REACTION WAS MORE CAUTIOUS. THOUGH HE WAS IN ACCORD WITH THE GENERAL AIMS--EARLY, NON-CONTENTIOUS WORK--AND DID NOT DISAGREE WITH THE POINTS LISTED ABOVE, HE FELT THAT HE WOULD NEED TO DISCUSS THE SPECIFIC IDEAS INTERNALLY BEFORE REACTING TO THEM. JAPANESE MINAG IN PARTICULAR WANTED TOTAL SEPARATION OF

ALL AGRICULTURAL WORK.

7. ALL PARTICIPANTS AGREED THAT IT WOULD BE HARMFUL FOR THE GATT SECRETARIAT TO TRY TO HOLD PRELIMINARY MEETINGS BEFORE THE OCTOBER 24 TNC MEETING UNLESS THE US, EC, AND JAPAN WERE IN REASONABLY CLOSE AGREEMENT ON THE PROCEDURE TO BE FOLLOWED. THEY FELT THAT OCTOBER 15 WOULD BE THE EARLIEST PRACTICABLE DATE FOR SUCH A PRE-TNC INFORMAL MEETING AND THAT EVEN THIS DATE COULD NOT BE CERTAIN UNTIL ALL PARTICIPANTS FOUND OUT HOW THESE IDEAS WERE TREATED WITHIN THEIR GOVERNMENTS. IT WAS AGREED THAT REAL EFFORTS SHOULD BE MADE TO AVOID PROCEDURAL CONFRONTATION IN TNC, AND THAT IF BIG THREE WERE REASONABLY CLOSE BEFOREHAND, TNC WOULD PROBABLY COMPLETE ITS WORK IN THIS FIRST SITTING IN TWO OR THREE DAYS, ALLOWING WORKING GROUPS TO BEGIN IN FOLLOWING

WEEK, AND WORKING CONSECUTIVELY THROUGH MID-DECEMBER. GROUPING OF WORK WOULD BE DESIRABLE IN WAY WHICH WOULD ALLOW EXPERTS FROM CAPITALS TO MINIMIZE TIME WASTED IN GENEVA WAITING FROM ONE RELATED MEETING TO LIMITED OFFICIAL USE
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ANOTHER. IT IS LIKELY THAT THE INITIAL WORK WOULD BE A SEQUENCE OF NTB GROUPS SINCE PREPARATION IS ALREADY UNDERWAY IN SOME CAPITALS. GREENWALD

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